

AMENDED IN SENATE APRIL 1, 2004

**SENATE BILL**

**No. 1753**

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**Introduced by Senators Denham and Battin**

**(Coauthors: Senators Ackerman, Johnson, and Oller)**

*(Coauthors: Assembly Members Bates, Bogh, Cogdill, Daucher, Dutton, Harman, Shirley Horton, La Malfa, Maze, Pacheco, and Spitzer)*

February 20, 2004

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An act to amend Sections 11011 and ~~11011.1~~ *of 11011.5 of, and to repeal Sections 11011.1, 11011.3, and 11011.4 of,* the Government Code, relating to state property.

LEGISLATIVE COUNSEL'S DIGEST

SB 1753, as amended, Denham. Surplus state property.

Existing law requires the Department of General Services, whenever any land is reported as excess, to determine whether or not the use of the land is needed by any other state agency. If the department determines that the ~~of use of the~~ land is not needed by any other state agency and when authority is granted for the sale or other disposition of the land, the department may sell or otherwise dispose of the land pursuant to the authorization, upon the terms and conditions and subject to reservations and exceptions as the department may deem to be for the best interests of the state.

This bill would require the department to determine whether or not the use of the land is needed by any other state agency within 60 days of that land being reported as excess. The bill would require the department, if it determines that the land is needed by another state agency, to transfer the jurisdiction of the land to the other state agency within 6 months after that determination and upon the terms and

conditions as it may deem to be for the best interests of the state, and ~~to state. This bill would also require the department, or any state agency authorized by the department, to issue an invitation to bid to real estate brokers, as provided, to sell or otherwise dispose of that land if that land is either determined not to be needed by any other state agency, or, in the event the land is determined to be needed by any other state agency, the transfer to the other state agency has not occurred within that 6-month period.~~

Existing law requires that land that has been declared surplus by the Legislature and that is not needed by any state agency is to be offered to local governmental agencies. Existing law authorizes the department to transfer surplus state land at no cost or *at* a cost below fair market value to local governmental agencies if specified conditions apply.

~~This bill would require that land that has been declared surplus by the Legislature, and is not needed by any state agency, be offered to local governmental agencies at the same time the land is offered to all other interested parties and at fair market value.~~

*This bill would repeal those provisions.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 11011 of the Government Code is
- 2 amended to read:
- 3 11011. (a) On or before December 31st of each year, each
- 4 state agency shall make a review of all proprietary state lands
- 5 (other than tax-deeded land, land held for highway purposes, lands
- 6 under the jurisdiction of the State Lands Commission, land which
- 7 has escheated to the state or which has been distributed to the state
- 8 by court decree in estates of deceased persons, and lands under the
- 9 jurisdiction of the State Coastal Conservancy) over which it has
- 10 jurisdiction to determine what, if any, land is in excess of its
- 11 foreseeable needs and report thereon in writing to the Department
- 12 of General Services. These lands shall include, but not be limited
- 13 to, the following:
- 14 (1) Land not currently being utilized, or currently being
- 15 underutilized, by the state agency for any existing or ongoing state
- 16 program.

1 (2) Land for which the state agency has not identified any  
2 specific utilization relative to future programmatic needs.

3 (3) Land not identified by the state agency within its master  
4 plans for facility development.

5 (b) Jurisdiction of all land reported as excess shall be  
6 transferred to the Department of General Services, when requested  
7 by the director thereof, for sale or disposition under this section or  
8 as may be otherwise authorized by law.

9 (c) The Department of General Services shall report to the  
10 Legislature annually, the land declared excess and request  
11 authorization to dispose of the land by sale or otherwise.

12 (d) The Department of General Services shall review and  
13 consider reports submitted to the Director of General Services  
14 pursuant to Section 66907.12 of the Government Code and Section  
15 31104.3 of the Public Resources Code prior to recommending or  
16 taking any action on surplus land, and shall also circulate the  
17 reports to all agencies which are required to report excess land  
18 pursuant to this section. In recommending or determining the  
19 disposition of surplus lands, the Director of General Services may  
20 give priority to proposals by the state which involve the exchange  
21 of surplus lands for lands listed in those reports.

22 (e) Except as otherwise provided by any other provision of law,  
23 whenever any land is reported as excess pursuant to this section,  
24 the Department of General Services shall determine whether or not  
25 the use of the land is needed by any other state agency within 60  
26 days of that land being reported as excess. If the Department of  
27 General Services determines that any land is needed by any other  
28 state agency it ~~shall~~ *shall*, within six months after that  
29 ~~determination~~ *determination*, transfer the jurisdiction of this land  
30 to the other state agency upon the terms and conditions as it may  
31 deem to be for the best interests of the state.

32 (f) When authority is granted for the sale or other disposition  
33 of lands declared excess, and the Department of General Services  
34 has determined that the use of the land is not needed by any other  
35 state agency, ~~or if the lands declared in excess have not been~~  
36 ~~transferred to any other~~ *or, in the case of excess land that the*  
37 *department determines is needed by another state agency, if that*  
38 *land is not transferred to another state agency within the*  
39 *six-month time period prescribed in subdivision (e), the*  
40 Department of General Services shall sell the land or otherwise

1 dispose of the same pursuant to the authorization, upon any terms  
2 and conditions and subject to any reservations and exceptions as  
3 the Department of General Services may deem to be for the best  
4 interests of the state. *in accordance with Section 11011.5.* The  
5 Department of General Services shall report to the Legislature  
6 annually, with respect to each parcel of land authorized to be sold  
7 under this section, giving the following information:

8 (1) A description or other identification of the property.

9 (2) The date of authorization.

10 (3) With regard to each parcel sold after the next preceding  
11 report, the date of sale and price received, or the value of the land  
12 received in exchange.

13 (4) The present status of the property, if not sold or otherwise  
14 disposed of at the time of the report.

15 (g) Except as otherwise specified by law, moneys received  
16 from any property disposition, including the sale, lease, exchange,  
17 or other means, that is received pursuant to this section shall be  
18 paid into the General Fund.

19 For purposes of this section, net proceeds shall be defined as  
20 gross proceeds less all costs directly related to the completion of  
21 the transaction including, but not limited to, selling costs, transfer  
22 fees, commissions, and costs incurred by the Department of  
23 General Services.

24 (h) Any rentals or other revenues received by the department  
25 from real properties, the jurisdiction of which has been transferred  
26 to the Department of General Services under this section, shall be  
27 deposited in the General Fund in the account established by  
28 Section 15863. Any expenditures required to maintain, repair, care  
29 for, and sell this real property shall be paid from the appropriation  
30 made by Section 15863.

31 (i) Nothing contained in this section shall be construed to  
32 prohibit the sale, letting, or other disposition of any state lands  
33 pursuant to any law now or hereafter enacted authorizing the sale,  
34 letting, or disposition.

35 ~~SEC. 2. Section 11011.1 of the Government Code is amended~~  
36 ~~to read:~~

37 ~~11011.1. Land that has been declared surplus by the~~  
38 ~~Legislature, pursuant to Section 11011, and is not needed by any~~  
39 ~~state agency shall be offered to local governmental agencies at the~~  
40 ~~same time the land is offered to all other interested parties.~~

1 ~~Transfers of surplus land to local governmental agencies pursuant~~  
2 ~~to this section shall be at fair market value. No surplus land shall~~  
3 ~~be sold for less than fair market value to any person or agency,~~  
4 ~~whether public or private.~~

5 *SEC. 2. Section 11011.1 of the Government Code is repealed.*

6 ~~11011.1. (a) Land that has been declared surplus by the~~  
7 ~~Legislature, pursuant to Section 11011, and is not needed by any~~  
8 ~~state agency shall be offered to local governmental agencies.~~  
9 ~~Except as authorized in subdivisions (b), (c), (d), (e), and (k), or~~  
10 ~~any combination thereof, transfers of surplus land to local~~  
11 ~~governmental agencies pursuant to this section shall be at fair~~  
12 ~~market value. No surplus land shall be sold for less than fair market~~  
13 ~~value, however, to any person or agency, whether public or private,~~  
14 ~~unless the contract for sale provides for the reversion of the land~~  
15 ~~to the state if the stated purpose for which the property is sold is~~  
16 ~~not achieved.~~

17 ~~(b) Where the land is to be used for park and recreation~~  
18 ~~purposes and operated for those purposes by local agencies at no~~  
19 ~~expense to the state, the Director of General Services with the~~  
20 ~~approval of the State Public Works Board may, notwithstanding~~  
21 ~~any provision in Section 11011, transfer the land to local~~  
22 ~~governmental agencies at less than the fair market value of the~~  
23 ~~land, if the transfer is in the public interest, under the following~~  
24 ~~conditions:~~

25 ~~(1) The local public agency has submitted a general~~  
26 ~~development plan for the property which conforms to the agency's~~  
27 ~~general plan pursuant to Article 5 (commencing with Section~~  
28 ~~65300) of Chapter 3 of Title 7, and which general development~~  
29 ~~plan has been approved by the Director of Parks and Recreation.~~

30 ~~(2) The land shall be developed according to plan within a time~~  
31 ~~period determined by the state but not to exceed 10 years. The deed~~  
32 ~~or other instrument of transfer shall provide that the land shall~~  
33 ~~revert to the state if the land is not developed within the time period~~  
34 ~~so determined by the state.~~

35 ~~(3) The deed or other instrument of transfer shall provide that~~  
36 ~~the land would revert to the state if the use changed to a use not~~  
37 ~~consistent with parks and recreation purposes during the period of~~  
38 ~~25 years following the sale.~~

39 ~~(c) Where the land is to be used for open-space purposes, as~~  
40 ~~defined herein, and operated by local agencies at no expense to the~~

1 ~~state, the Director of General Services with the approval of the~~  
2 ~~State Public Works Board may transfer the land to local~~  
3 ~~governmental agencies at fair market value of the land or at any~~  
4 ~~lesser value of the land under any of the following conditions:~~

5 ~~(1) The local public agency has submitted a plan for the use of~~  
6 ~~the property which conforms to the agency's general plan pursuant~~  
7 ~~to Article 5 (commencing with Section 65300) of Chapter 3 of~~  
8 ~~Title 7, and which plan has been approved by the Director of Parks~~  
9 ~~and Recreation.~~

10 ~~(2) The land shall be used according to plan within a time~~  
11 ~~period determined by the state but not to exceed 10 years.~~

12 ~~(3) The deed or other instrument of transfer shall provide that~~  
13 ~~the land would revert to the state if the use changed to a use not~~  
14 ~~consistent with open-space purposes during the period of 25 years~~  
15 ~~following the sale.~~

16 ~~(4) For the purpose of this subdivision, "open-space purpose"~~  
17 ~~means the use of land for public recreation, enjoyment of scenic~~  
18 ~~beauty, or conservation or use of natural resources.~~

19 ~~(d) Where the land is suitable to be used for the purpose of~~  
20 ~~providing housing for persons and families of low or moderate~~  
21 ~~income, as defined in Section 50093 of the Health and Safety~~  
22 ~~Code, the Director of General Services, with the approval of the~~  
23 ~~State Public Works Board, may offer the land to local agencies~~  
24 ~~within whose jurisdiction the land is located. Provided, however,~~  
25 ~~if the state has held title to the land for seven years or less and the~~  
26 ~~land is not used for the purposes for which it was acquired, and the~~  
27 ~~land is declared surplus land and is not needed by any other state~~  
28 ~~agency pursuant to the provisions of Section 11011, the state, prior~~  
29 ~~to offering the land to local agencies, shall extend to the individual~~  
30 ~~from whom the land was acquired an offer to purchase the land at~~  
31 ~~current fair market value. The offer shall extend for 60 days and~~  
32 ~~if not exercised within such period shall be irrevocably terminated.~~  
33 ~~The land may be transferred to local agencies at a reasonable cost~~  
34 ~~which will enable the provision of housing for persons and~~  
35 ~~families of low or moderate income. The cost may be less than fair~~  
36 ~~market value. The Department of Housing and Community~~  
37 ~~Development shall recommend to the Department of General~~  
38 ~~Services a cost which will enable the provision of housing for~~  
39 ~~persons and families of low or moderate income. All transfers of~~

land pursuant to this subdivision shall be subject to the following conditions:

(1) The local agency has made all of the following findings:

(A) There is a need for the housing in the community.

(B) The land is suitable for development of the housing.

(2) The local agency develops a plan for the housing in accordance with criteria established by the Department of Housing and Community Development, which shall include, but not be limited to, criteria respecting the financial condition of the developer, if the housing is to be developed by a private sponsor, and the cost of the project. The plan shall be approved by the Department of Housing and Community Development.

(3) After transfer of the property from the state to the local agency, the property shall be developed as housing for persons and families of low or moderate income. The local agency may lease or sell the property to any nonprofit corporation, housing corporation, limited dividend housing corporation, or private developer if the local agency determines a private entity is best suited to develop housing for persons and families of low or moderate income. In authorizing the private development, the local agency shall impose reasonable terms and conditions as will further the purposes of this subdivision, which shall include, but not be limited to, continued use of the property for housing for persons and families of low or moderate income for not less than 40 nor more than 55 years. A lessee or purchaser of land pursuant to this subdivision shall agree to limitations on profit in the operation of the property which will benefit the public and assure that the housing provided thereon is within the means of persons and families of low or moderate income. The agreement shall be binding upon successors in interest of the original lessee or purchaser and shall inure to the benefit of, and be enforceable by, the state.

(4) The local agency shall assure that the land will be used for the purpose of providing low- or moderate-income housing and shall not permit the use of the dwelling accommodations of the project for any other purpose for not less than 40 nor more than 55 years, except as provided in this section.

In the event a local agency does not comply with the land use requirements prescribed in this section, as determined by the Department of General Services, the Department of General



~~Services may require that the local agency pay the state the difference between the actual price paid by the local agency for the property and the fair market value of the property, at the time of the department's determination of noncompliance, plus 6 percent interest on that amount for the period of time the land has been held by the local agency.~~

~~If the local agency, with the approval of the Department of General Services, and in consultation with the Department of Housing and Community Development, determines that there is no longer a need for low- or moderate-income housing within the jurisdiction of the local agency and another valid public purpose could be achieved by utilizing the land in an alternative manner, the local agency shall not be required to make any payment to the state for the difference between purchase price and fair market value or interest charges for the period of time the land has been held by the local agency.~~

~~(5) Failure to comply with the provisions of this section shall not invalidate the transfer, sale, or conveyance of the real property to a bona fide purchaser or encumbrancer for value.~~

~~(6) The project shall be commenced within 24 months of the original transfer to the local agency. However, the Department of General Services, in consultation with the Department of Housing and Community Development, may for justifiable cause extend the time for commencement of development for an additional 36 months. The aggregate time for commencing development shall not exceed 60 months. The deed or other instrument of conveyance shall specify that, if development has not commenced within that time, the land shall revert to the Department of General Services for disposal pursuant to this section or as otherwise authorized by law.~~

~~(7) As used in this subdivision, "local agency" means and includes any county, city, city and county, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24 of the Health and Safety Code, public district or other political subdivision of the state and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income and also includes two or more of those agencies acting~~



1 ~~jointly pursuant to Part 1 (commencing with Section 6500) of~~  
2 ~~Division 7 of this code.~~

3 ~~(8) Up to 40 percent of the housing developed on land~~  
4 ~~purchased at below market value pursuant to this subdivision may~~  
5 ~~be housing which is not regulated as to price, rent, or eligibility of~~  
6 ~~occupants only if the purchaser of the land demonstrates that the~~  
7 ~~proceeds from the sale or rental of such housing, in an amount~~  
8 ~~equal to the difference between the fair market value and the actual~~  
9 ~~price paid for the land, is used to reduce prices or rents on other~~  
10 ~~housing units which are made available exclusively to persons and~~  
11 ~~families of low and moderate income.~~

12 ~~(e) Where the land is suitable to be used for the purpose of~~  
13 ~~providing housing for persons and families of low or moderate~~  
14 ~~income, as defined in Section 50093 of the Health and Safety~~  
15 ~~Code, and provided no local agency has acquired or is in the~~  
16 ~~process of acquiring the land pursuant to subdivision (d), the~~  
17 ~~Director of General Services, with the approval of the State Public~~  
18 ~~Works Board, may lease or sell the land to a housing sponsor. The~~  
19 ~~land may be sold or leased at a reasonable cost which may be less~~  
20 ~~than fair market value. The Department of Housing and~~  
21 ~~Community Development shall recommend to the Director of~~  
22 ~~General Services a cost which will enable the provision of housing~~  
23 ~~for persons and families of low or moderate income. All transfers~~  
24 ~~of land pursuant to this subdivision shall be subject to all of the~~  
25 ~~following conditions:~~

26 ~~(1) The housing sponsor has submitted a plan for the~~  
27 ~~development of such housing pursuant to criteria established by~~  
28 ~~the Department of Housing and Community Development. The~~  
29 ~~criteria shall include, but need not be limited to, standards with~~  
30 ~~respect to the cost of the housing development and the proportion~~  
31 ~~of the housing development to be occupied by persons and families~~  
32 ~~of low and moderate income. Insofar as is practical, the plan shall~~  
33 ~~provide for a mix of housing for all income groups.~~

34 ~~(2) The housing development shall normally be developed or~~  
35 ~~be under development within 24 months from the time of transfer~~  
36 ~~or lease of the land to the housing sponsor. However, the~~  
37 ~~Department of General Services, in consultation with the~~  
38 ~~Department of Housing and Community Development, may, upon~~  
39 ~~finding justifiable cause, extend the time for commencement of~~  
40 ~~development for an additional period of 36 months. The aggregate~~

1 of all extensions for commencement of development shall not  
2 exceed 60 months. The deed or other instrument of conveyance  
3 shall specify that if development has not commenced within such  
4 time, the land shall revert to the Department of General Services  
5 for disposal pursuant to this section or as otherwise authorized by  
6 law.

7 (3) ~~Transfer of title to the land or lease of the land to a housing~~  
8 ~~sponsor shall be conditioned upon continued use of the property~~  
9 ~~as housing for persons and families of low and moderate income~~  
10 ~~for not less than 40 nor more than 55 years. In accordance with~~  
11 ~~regulations which shall be adopted by the Department of Housing~~  
12 ~~and Community Development pursuant to the Administrative~~  
13 ~~Procedure Act, the Director of General Services shall require that~~  
14 ~~any housing sponsor purchasing or leasing land pursuant to this~~  
15 ~~subdivision enter into an agreement which (A) provides for~~  
16 ~~limitations on profit in the operation of such property which~~  
17 ~~benefit the public and which assure that the housing is affordable~~  
18 ~~to persons and families of low and moderate income, and (B) does~~  
19 ~~not permit the use of the property for purposes other than the~~  
20 ~~provision of housing for persons and families of low and moderate~~  
21 ~~income except as provided in this subdivision. Upon recordation~~  
22 ~~of the agreement in the office of county recorder in the county in~~  
23 ~~which the real property subject to the agreement is located, the~~  
24 ~~agreement shall be binding for a period of not less than 40 nor more~~  
25 ~~than 55 years upon successors in interest to the original housing~~  
26 ~~sponsor and shall inure to the benefit of, and be enforceable by, the~~  
27 ~~state.~~

28 For the purposes of this subdivision, “housing sponsor” means  
29 a ~~nonprofit corporation incorporated pursuant to Part 1~~  
30 ~~(commencing with Section 9000) of Division 2 of Title 1 of the~~  
31 ~~Corporations Code; a cooperative housing corporation which is a~~  
32 ~~stock cooperative, as defined by Section 11003.2 of the Business~~  
33 ~~and Professions Code; a limited-dividend housing corporation; or~~  
34 ~~a private housing developer who agrees to the conditions set forth~~  
35 ~~in this subdivision.~~

36 (4) ~~Up to 40 percent of the housing developed on land~~  
37 ~~purchased at below market value pursuant to this subdivision may~~  
38 ~~be housing which is not regulated as to price, rent, or eligibility of~~  
39 ~~occupants only if the purchaser of the land demonstrates that the~~  
40 ~~proceeds from the sale or rental of such housing, in an amount~~

1 equal to the difference between the fair market value and the actual  
2 price paid for the land, is used to reduce prices or rents on other  
3 housing units which are made available exclusively to persons and  
4 families of low and moderate income.

5 (f) ~~The Department of Housing and Community Development,~~  
6 ~~in consultation with the Department of General Services and the~~  
7 ~~Office of Planning and Research, shall make a report to the~~  
8 ~~Legislature on or before January 1, 1981, with respect to~~  
9 ~~effectiveness of the program and shall recommend any necessary~~  
10 ~~legislative changes to the provisions of subdivision (d).~~

11 (g) ~~Where the land is to be used for public purposes other than~~  
12 ~~specifically set forth in this section, is to be operated by the local~~  
13 ~~agency at no expense to the state, and the use and enjoyment of the~~  
14 ~~public purpose contemplated will be of broad public benefit, and~~  
15 ~~not a benefit basically of local interest enjoyed and used primarily~~  
16 ~~by the residents of the area of tax jurisdiction of the local agency,~~  
17 ~~the Director of General Services, with the approval of the State~~  
18 ~~Public Works Board, may transfer the land to local governmental~~  
19 ~~agencies at a sales price not less than 50 percent of fair market~~  
20 ~~value. The transfer shall provide that if the land is not used for the~~  
21 ~~contemplated purpose during the period of 25 years following the~~  
22 ~~sale, the land shall revert to the state. The Director of General~~  
23 ~~Services may provide additional terms and conditions which he or~~  
24 ~~she determines to be in the best interest of the state.~~

25 (h) ~~If there is more than one appropriate use and more than one~~  
26 ~~offer for the use of a parcel of surplus land, the Department of~~  
27 ~~General Services, in consultation with the Department of Housing~~  
28 ~~and Community Development, the Department of Parks and~~  
29 ~~Recreation, and the Office of Planning and Research, shall~~  
30 ~~determine the most appropriate use for the parcel and the~~  
31 ~~Department of General Services shall offer the land accordingly.~~

32 (i) ~~Land that has been declared surplus by the Legislature,~~  
33 ~~pursuant to Section 11011, is not needed by any state agency, is~~  
34 ~~suitable for development for housing purposes, and is not in the~~  
35 ~~process of being acquired pursuant to other provisions of this~~  
36 ~~section, may upon the request of the Department of Housing and~~  
37 ~~Community Development be retained by the Director of General~~  
38 ~~Services for a period not exceeding five years, during which the~~  
39 ~~Director of General Services shall continue to offer the lands for~~  
40 ~~housing pursuant to subdivision (d).~~

~~(j) Transfer of state surplus lands under subdivision (d) shall be at a cost which will enable provision of economically feasible housing for persons and families of low or moderate income.~~

~~(k) Where the land is to be used for school purposes, the Director of General Services with the approval of the State Public Works Board and the State Allocation Board may, notwithstanding any provision in Section 11011, transfer the land to a local school district at less than fair market value of the land, if the transfer is in the public interest, under the following conditions:~~

~~(1) The land is suitable for use by a school district as a school site, school administration building site, school warehouse site, or other school use approved by the State Department of Education.~~

~~(2) The land is used by the school district for such purposes before a nonuse fee is required by Section 39015 of the Education Code or such later time as is approved by the State Department of Education, with a reversion to the state if not so used within the time prescribed.~~

~~(3) The deed or other instrument of transfer shall provide that the land shall revert to the state if the use is changed to a use not consistent with school purposes during the period of 25 years following the sale.~~

~~SEC. 3. Section 11011.3 of the Government Code is repealed.~~

~~11011.3.— (a) Any public agency desiring to purchase surplus state real property, as set forth in Section 11011.1, shall give written notice to the Department of General Services of its intent to purchase such real property within 60 days after receipt of the Department of General Services' written notification of intent to sell the same.~~

~~(b) If the public agency desiring to purchase such property and the Department of General Services are unable to arrive at a mutually acceptable sales price for the property within 180 days from the date of receipt of notice from the public agency, upon request of the public agency the Director of the Department of General Services shall hire an independent third party appraiser mutually acceptable to the agency and the department to appraise the property. If within 10 days after receipt of the appraisal the public agency and the department are unable to arrive at a mutually acceptable sales price, upon request of the agency final determination of the sales price shall be made by the State Public Works Board. The public agency shall bear all costs of the~~

independent third party appraisal whether or not the agency elects to purchase the property. If the agency does purchase the property, the appraisal costs shall be added to the purchase price of the property. If the public agency does not purchase the property, it shall pay the appraisal costs, and the surplus real property may be disposed of in the normal manner.

(c) After arriving at a mutually agreeable sales price, the Department of General Services and the public agency will be allowed an additional 90 days to execute a sales or exchange agreement to purchase such property. In the event an agreement is not executed by the public agency within such 90-day period, the Department of General Services may offer such property for sale in the normal manner. Should 90 days prove insufficient for the public agency to finance purchase of the property, the Public Works Board for good cause may grant an extension of time to complete the purchase. The 90-day limitation shall be suspended when a bond election is to be held for the purpose of financing the purchase of such property. However, the bond election shall be called and held on the next eligible date and this suspension of the 90-day limitation shall only be extended to the 10th day following the date of the next bond election.

(d) For purposes of this section, written notice shall be deemed given upon proper posting and deposit in the United States mail.

Nothing in this section shall prohibit the state from continuing to negotiate with a public agency for the sale of surplus property pursuant to other provisions of this article.

*SEC. 4. Section 11011.4 of the Government Code is repealed.*

~~11011.4.~~ Notwithstanding any provision to the contrary in Section 54222 or elsewhere, land may be transferred pursuant to subdivision (d) of Section 11011.1 to a local agency at the cost specified in subdivision (d) of Section 11011.1.

*SEC. 5. Section 11011.5 of the Government Code is amended to read:*

11011.5. ~~When no state or other public entity seeks to obtain title to specific surplus state-owned real property, (a) The Department of General Services or a state agency authorized by the Department of General Services to sell that specific surplus state-owned real property, except property acquired for state highway purposes, may, with the approval of the Department of General Services, employ a licensed real estate broker for a shall~~

1 issue an invitation to bid to private commercial real estate brokers,  
2 in accordance with the State Contract Act (Chapter 1  
3 (commencing with Section 10100) of Part 2 of the Public Contract  
4 Code), to contract to sell surplus state-owned real property that  
5 meets either of the following:

6 (1) The Department of General Services has determined that  
7 the use of the real property is not needed by any other state agency.

8 (2) The Department of General Services has determined that  
9 the use of the real property is needed by another state agency, but  
10 that real property is not transferred within the six-month period  
11 described in subdivision (e) of Section 11011.

12 (b) The contract shall be awarded in accordance with the  
13 provisions of the State Contract Act (Chapter 1 (commencing with  
14 Section 10100) of Part 2 of the Public Contract Code).

15 (c) A bidder may submit a bid that includes a provision for a  
16 negotiated commission, not to exceed reasonable and customary  
17 brokerage commissions applicable to similar privately owned  
18 properties in the area in connection with that sale ~~and pay the~~  
19 ~~amount of commission earned by the broker. The sale.~~

20 (d) If a bid is accepted that provides for a negotiated  
21 commission, the contract shall provide that the commission shall  
22 be paid only out of the proceeds of the sale before the proceeds are  
23 remitted to the State Treasury. ~~The Director of General Services~~  
24 ~~shall only employ the services of a broker when the director~~  
25 ~~determines that the employment of a broker to sell the property~~  
26 ~~would result in a cost savings to the state. Any~~

27 (e) Any state properties sold through the services of a broker  
28 shall be reported, along with a comparison of the estimated cost  
29 savings obtained through the use of a broker, in the annual surplus  
30 property report to the Legislature required pursuant to Section  
31 11011.